

**BEFORE THE PUBLIC UTILITIES COMMISSION OF  
THE STATE OF CALIFORNIA**



**FILED**

10/17/22

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**A2210013**

In the Matter of the Application of )  
PACIFIC MARITIME GROUP, Inc., a )  
a California corporation, doing business as )  
PACIFIC TUGBOATS (VCC-88), For )  
Authorization To Increase Rates on its Vessel )  
Common Carrier Service Operated Out of )  
Los Angeles, Long Beach and Redondo Beach )  
Harbors and Connecting to Avalon, Two )  
Harbors and the Isthmus on Santa Catalina )  
Island and all the Camps and Beaches That )  
Surround Santa Catalina Island )  
\_\_\_\_\_ )

Application No. \_\_\_\_\_

**APPLICATION OF PACIFIC MARITIME GROUP, INC., A CALIFORNIA  
CORPORATION, DOING BUSINESS AS PACIFIC TUG (VCC-88), FOR  
AUTHORIZATION TO INCREASE RATES ON ITS VESSEL COMMON  
CARRIER SERVICE OPERATED OUT OF LOS ANGELES, LONG  
BEACH AND REDONDO BEACH HARBORS AND CONNECTING TO  
AVALON, TWO HARBORS AND THE ISTHMUS ON SANTA CATALINA  
ISLAND, AND ALL THE CAMPS AND BEACHES THAT SURROUND  
SANTA CATALINA ISLAND**

LAW OFFICES OF DANIEL F. REIDY, APC  
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Attorney for Pacific Maritime Group, Inc.

Date: October 17, 2022

**BEFORE THE PUBLIC UTILITIES COMMISSION OF  
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**In the Matter of the Application of )  
PACIFIC MARITIME GROUP, Inc., a )  
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AVALON, TWO HARBORS AND THE ISTHMUS ON SANTA CATALINA  
ISLAND, AND ALL THE CAMPS AND BEACHES THAT SURROUND  
SANTA CATALINA ISLAND**

PACIFIC MARITIME GROUP, a California corporation, currently doing business as PACIFIC TUGBOATS (“Applicant” herein), hereby respectfully applies to the Public Utilities Commission of the State of California (“Commission”) for authorization to increase rates on its Vessel Common Carrier service operated out of Los Angeles, Long Beach and Redondo Beach Harbors, and connecting to Avalon, Two Harbors and the Isthmus on Santa Catalina Island, and all the Camps and Beaches that surround Santa Catalina Island. In support of its Application and pursuant to Sections 454 and 491 of the Public Utilities Code, Applicant alleges as follows:

**INTRODUCTION**

1. Applicant is a California corporation which has been duly organized and is existing under the laws of the State of California and is authorized to do business in the State of

California. In March of 2019, PACIFIC MARITIME FREIGHT, INC., the holder of the CPUC Certificate for VCC-88, changed its name to PACIFIC MARITIME GROUP, INC. A “CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION” and Notice of “CORPORATE NAME CHANGE TO PACIFIC MARITIME GROUP, INC.” filed with the California Secretary of State on March 19, 2019 is attached as **Exhibit No. 1**. Attached as **Exhibit No. 2** is a “Certificate of Status” issued by Alex Padilla, Secretary of State, certifying that as of July 7, 2020, PACIFIC MARITIME GROUP, INC. “is authorized to exercise all of its powers, rights and privileges in California.”

2. Applicant’s corporate and operational business office is located at 1444 Cesar E. Chavez Parkway, San Diego, CA 92113.

3. Notices, correspondence and communications with respect to this Application should be addressed to the Applicant’s Attorney:

Daniel F. Reidy, Esq.  
Law Offices of Daniel F. Reidy  
P.O. Box 760  
Angels Camp, CA 94522  
Tele: (209) 736-0712  
E-mail: dfreidy@pacbell.net

and to the Applicant’s President:

Grant Westmoreland, President  
Pacific Maritime Group, Inc.  
1444 Cesar E. Chavez Parkway,  
San Diego, CA 92113.  
Tele: (619) 533-7932  
E-mail: <grant@pacifictugboats.com>

#### **SCOPING INFORMATION FOR THE PROCEEDING**

4. Pursuant to Commission Rule 2.1(c), Applicant proposes that this Application be processed as a **Ratesetting**, without any need for hearings or public witness evidence. The

requested changes of freight shipping charges will not affect the business of other vessel common carriers under the jurisdiction of the Commission that are authorized to operate on similar routes as the Applicant takes between Los Angeles/Long Beach and San Diego harbors and points on Santa Catalina Island.

5. The specific issues that need to be addressed in the proceeding are:

- (1) That the proposed increases in the freight transport rates are justified, necessary and reasonable.
- (2) That the projected Operating Ratio which would result from the proposed rates increase is within the reasonable range of prior Commission approvals of freight transport rates increases for vessel common carriers.
- (3) That it is reasonable for the Commission to authorize Applicant to adjust its freight transport rates within a Zone of Rate Freedom (“ZORF”) for up to twenty percent (20%) above and below its base freight transport rates.

6. Should the Commission decide to conduct any public hearings, here is the Applicant’s proposed schedule for processing this Application:

<u>November, 2022</u>	Prehearing Conference
<u>November 2022</u>	Hearing
_____, 2023	Post-Hearing Briefs due and Submission
_____, 2023	Proposed Decision (30 days after Submission)
_____, 2023	Final Decision (Next Commission Hearing)

#### **SUMMARY OF PERTINENT BACKGROUND**

7. Applicant under its prior name of Pacific Maritime Freight, Inc. (“Pacific Maritime Freight”) has been authorized by the Commission as a Vessel Common Carrier (VCC-88) since the Commission’s Decision No. 03-07-018 issued on July 10, 2003 granting Pacific Maritime

Freight's Application to purchase and acquire Antone Sylvester Tug Service, Inc.'s operating authority and property. Antone Sylvester Tug Service ("Sylvester Tug") had been a Commission-authorized Vessel Common Carrier since September of 1996 when the Commission issued Decision No. 96-09-029 authorizing its transport of passengers and baggage in and from harbors in Southern California. Then the Commission Decision No. 99-10-067 issued on October 21, 1999 authorized Sylvester Tug to transport property by vessel between points in the harbors of Southern California on the one hand and points on Santa Catalina Island, excluding the ports at Avalon and the Isthmus.

8. In Commission Decision No. 17-05-002 dated May 11, 2017, the Commission approved the transfer of Catalina Freight Line, Inc. (VCC-58)'s CPCN to operate as a Vessel Common Carrier transporting freight to and from Santa Catalina Island to Pacific Maritime Freight. The Decision notes that with this transfer of the CPCN, Pacific Maritime Freight would be able to provide freight transport service to Pebbly Beach at Avalon or to the Isthmus if and when it could obtain the right to dock in those locations from the owners of the docks.

9. On May 18, 2017, Applicant filed its Third Revised Tariff Page 3 that provided a rate of \$295.00 per hour, plus fuel costs, with a Minimum Charge of 8 hours, for landing craft service to and from Santa Catalina Island. A copy of the Applicant's freight transport schedule page in the Applicant's Tariff filed on May 18, 2017 is attached hereto as **Exhibit No. 3**.

10. When Commission Resolution TL-19139 adopted and issued on June 24, 2022 granted Vessel Common Carriers temporary authority for one year to adjust their fares and rates within a "zone of reasonableness" whose upper limit is twenty-percent (20%) above currently authorized fares and rates, Applicant revised its freight transport fare to \$354.00 per hour, plus fuel costs with a Minimum Charge of 8 hours, for landing craft service to and from Catalina

Island. A copy of the Applicant's Fourth Revised Tariff Page 3 issued on July 27, 2022 and effective August 8, 2022 is attached hereto as **Exhibit No. 4.**

11. Since the emergency authority to increase rates and fares granted to the Vessel Common Carriers in Commission Resolution TL-19139 will expire in June of 2023, Applicant desires to put a more permanent rate in place to cover increasing operating costs and to offset declining freight transport rate income on its landing craft service to and from Catalina Island.

12. **Requested Increase in Freight Transport Rates.** By this Application, authority is requested, pursuant to Sections 454 and 491 of the Public Utilities Code, to increase its current temporary freight transport rate of \$354.00 per hour to a permanent rate of \$390.00 per hour.

#### **JUSTIFICATIONS FOR THE REQUESTED FREIGHT TRASPORT RATE**

13. **Declines in Revenue.** Decreases in the number of requested freight transport trips over the last few years resulted in declining revenues. In 2019, the total of revenues from CPUC-regulated freight transport of materials and equipment to and from Catalina Island was \$90,665.00. In 2020, with the impact of COVID-19 on the number of requested freight transport trips, the total revenues from freight transport rates declined to \$27,504.00. In 2021, with the lessening of interference with business due to the COVID-19 situation, the total of revenues from CPUC-regulated freight transport of material and equipment to and from Catalina Island totaled \$44,835.00, which is an improvement over 2020 but amounts to only roughly 50% of the revenues received in 2019.

14. **Operating Expenses.** The Applicant's Operating Expenses have been as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Jan-Mar 2022</u>
[1.] Salaries	\$7,855,423	\$7,807,773	\$7,330,838	\$2,152,794
[2.] Employee Benefits	\$ 158,602	\$ 217,482	\$ 162,289	\$ 60,252

[3.] Rent & Lease Costs	\$ 510,601	\$ 530,626	\$ 548,752	\$ 143,707
[4.] Insurance	\$ 976,465	\$1,160,182	\$1,545,171	\$ 469,623
[5.] Maintenance: vessels, Docks & piers, shop	\$3,508,826	\$4,206,721	\$4,853,619	\$1,315,728
[6.] Office & Admin costs, Fees, & Utilities	\$1,235,411	\$1,110,929	\$1,157,333	\$ 354,124
Total Operating Expenses:	\$14,245,329	\$15,033,713	\$15,598,001	\$4,496,227

15. **Comparison of Revenues and Operating Expenses.**

While the Applicant's revenues have been declining, the Applicant's operating expenses have been increasing. Notably expenses for rent and lease costs, insurance, and maintenance of vessels and docks have shown substantial increases over the last few years. The Applicant projects that the freight transport revenues on its service to and from Santa Catalina Island in a Theoretical Next Year will be in the range of \$45,000 to \$55,000, and that operating expenses will continue to increase as they have been recently, especially with higher costs for fuel. Without the Commission approving the requested increase in its freight transport rate, the Applicant would experience significant losses in a Theoretical Next Year.

16. **No Public Subsidies.** The Applicant does not receive any subsidies from any federal, state or regional agencies or public transportation program funds for its Commission-regulated vessel common carrier freight transport service. The Applicant is completely dependent upon revenues from freight transport rates to cover its operating expenses and to make a reasonable return on its investments in the service.

17. **Projected Operating Ratio With Requested Rates Increase.** The Applicant projects that with an approved freight transport rate increase from \$295.00 per hour set in the last Commission decision on a regular rate increase application issued on 2017 to \$390.00 per hour, the projected operating profit for the Theoretical Next Year would not exceed 10% or result in an Operating Ratio above 1.0. The Commission has generally approved requests for base passenger

fare increases for other vessel common carriers with projected operating profits falling below 10% and Operating Ratios below 1.0.

18. **Request for Authority to Adjust Rates Within a Zone of Rate Freedom (ZORF)**. Public Utilities Code section 454.2 provides that “the commission may establish a “zone of rate freedom” for any passenger stage transportation service which is operating in competition with other passenger transportation service from any means of transportation, if the competition together with the authorized zone of rate freedom will result in reasonable rates and charges for the passenger stage service. An adjustment in rates or charges within a zone of rate freedom established by the commission is hereby deemed just and reasonable.” There are other vessel common carriers under the jurisdiction of the Commission that are authorized to transport freight between the Los Angeles and Long Beach harbors and Catalina Island, namely Avalon Freight Service and Curtin Maritime, so Applicant is operating in competition with these other vessel common carriers as customers choose among the available freight transport common carriers to meet their freight transport needs at reasonable rates.

19. **No Adverse Environmental Impacts**. It can be seen with certainty that there is no possibility that the proposed freight transport rate increases will have a significant adverse effect on the environment. The existing vessel routes between the Southern California Mainland harbors and Santa Catalina Island and the operations of Applicant’s existing fleet of vessels will not be changed in any way, so no changes to the physical environment will result from the increased fares.

20. **Notice of this Application Furnished to Local Governments**. As documented by the Certificate of Service filed along with this Application, copies of this Application were sent by mail to the City Clerk and the City Attorney of the City of Los Angeles, to the City Clerk and City Attorney of the City of Long Beach, to the Clerk of the Los Angeles County Board of



Supervisors, to the Office of the County Counsel of Los Angeles County, and to the City Clerk and City Attorney of the City of Avalon, to the Clerk of the City of Avalon on Santa Catalina Island.

21. **Request for Prompt Approval of the Application.** Short notice authority under Section 491 of the Public Utilities Code is requested so that the proposed rates can be published as soon as possible upon authorization. This Application is one which may be handled under the Commission's *ex parte* procedure for immediate approval, since there will be no adverse impacts on any other common carrier passenger ferry services. The Applicant proposes a prior notice period to the public of ten (10) days.

WHEREFORE, Applicant PACIFIC MARITIME GROUP, INC. prays that the Commission issue the following *ex parte* order:

1. Authorizing Applicant, pursuant to Section 454 of the Public Utilities Code, to increase its freight transport rate of \$295.00 per hour that was set in the last Commission decision on a regular rate increase Application by the Applicant approved by the Commission in May of 2017 to \$390.00 per hour with an 8 hour minimum as requested in Paragraph 12 above;
2. Authorizing Applicant to adjust its freight transport rates within a Zone of Rate Freedom ("ZORF") for up to twenty percent (20%) above and below its base freight transport rates; and
3. Authorizing Applicant, pursuant to Section 491 of the Public Utilities Code, to publish the permanent freight transport rate increase effective on short notice. The notice period requested is ten (10) days.

Respectfully submitted on behalf of the Applicant,

LAW OFFICES OF DANIEL F. REIDY

By: /s/*Daniel F. Reidy* Dated: October 17, 2022  
Daniel F. Reidy, Esq.  
Its Authorized Representative

## VERIFICATION

I, Grant Westmoreland, hereby declare:

I am the President of PACIFIC MARITIME GROUP, a California corporation, the Applicant herein, and I am authorized to make this verification on its behalf.

The statements in the foregoing document are true of my own knowledge, except as to matters on which I am relying on my staff for information, such as the operating income and expenses figures and projections, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 17, 2022, at San Diego, California.

/s/Grant Westmoreland  
Grant Westmoreland

## AUTHORIZATION OF REPRESENTATIVE

I, Grant Westmoreland, hereby declare:

I am the President of PACIFIC MARITIME GROUP, a California corporation, the Applicant herein, and I have the authority to make this Authorization of Representative on its behalf.

I hereby authorize Daniel F. Reidy, Esq., of LAW OFFICES OF DANIEL F. REIDY, a Professional Corporation, with its principal business office located at P.O. Box 760, Angels Camp, CA 95222, to represent PACIFIC MARITIME GROUP in this proceeding and to file documents and to speak on behalf of the Applicant in this proceeding.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 17, 2022, at Coronado, California.

/s/Grant Westmoreland  
Grant Westmoreland

## **LIST OF EXHIBITS ATTACHED TO APPLICATION**

### **EXHIBIT NO. 1:**

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION AND NOTICE OF “CORPORATE NAME CHANGE TO PACIFIC MARITIME GROUP, INC,” FILED WITH THE CALIFORNIA SECRETARY OF STATE ON MARCH 19, 2019.

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### **EXHIBIT NO. 2:**

CERTIFICATE OF STATUS ISSUED BY CALIFORNIA SECRETARY OF STATE, DATED JULY 7, 2020.

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### **EXHIBIT NO. 3:**

FREIGHT TRANSPORT RATES SCHEDULE PAGE IN APPLICANT’S TARIFF, ISSUED MAY 18, 2017 AND EFFECTIVE JUNE 1, 2017.

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### **EXHIBIT NO. 4:**

FREIGHT TRANSPORT RATES SCHEDULE PAGE IN APPLICANT’S TARIFF, ISSUED JULY 27, 2022 AND EFFECTIVE AUGUST 8, 2022.

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### **CERTIFICATE OF SERVICE BY MAIL**

I, BRENDA D. REIDY, hereby certify and declare as follows:

I am a citizen of the United States over the age of eighteen years, and I am not a party to this proceeding. My business address is 270 Blair Mine Road, Mailing Address P.O. Box 760, Angels Camp, CA 95222. On the date stated below, in Calaveras County, which is the county of my employment, I served the following document:

**APPLICATION OF PACIFIC MARITIME GROUP, INC., A CALIFORNIA CORPORATION, DOING BUSINESS AS PACIFIC TUG (VCC-88), FOR AUTHORIZATION TO INCREASE RATES ON ITS VESSEL COMMON CARRIER SERVICE OPERATED OUT OF LOS ANGELES, LONG BEACH AND REDONDO BEACH HARBORS AND CONNECTING TO AVALON, TWO HARBORS AND THE ISTHMUS ON SANTA CATALINA ISLAND, AND ALL THE CAMPS AND BEACHES THAT SURROUND SANTA CATALINA ISLAND**

on interested parties by placing a true copy thereof enclosed in a sealed envelope on October 17, 2022 by mail with postage thereon fully prepaid, in the United States Post Office at Angels Camp, California, addressed as on the attached Service List.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Angels Camp, California on October 17, 2022.

/s/ Brenda D. Reidy  
BRENDA D. REIDY

### **SERVICE LIST**

City Clerk of City of Los Angeles  
Los Angeles City Hall  
200 N. Spring Street, Room 395  
Los Angeles, CA 90012

City Attorney of City of Los Angeles  
Los Angeles City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

City Clerk of City of Long Beach  
Long Beach City Hall  
411 N. Ocean Blvd.  
Long Beach, CA 90802

City Attorney of City of Long Beach  
Long Beach City Hall  
411 N. Ocean Blvd.  
Long Beach, CA 90802

Clerk of the Los Angeles County Board of Supervisors  
County Government Office  
500 W. Temple Street, # 383  
Los Angeles, CA 90012

County Counsel of Los Angeles County  
County Government Office  
500 W. Temple Street, # 648  
Los Angeles, CA 90012

City Clerk of City of Avalon  
Avalon City Hall  
410 Avalon Cyn Rd.  
Avalon, CA 90704

City Attorney of City of Avalon  
Avalon City Hall  
410 Avalon Cyn Rd.  
Avalon, CA 90704

